

# **BEST PRACTICES IN EXPORT COMPLIANCE**

**Presented to:  
Export Control Coordinator's Organization ("ECCO")**

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June 5, 2003**

# New Opportunities, New Challenges

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- Identifying Issues—those scenarios that fall under U.S. export law
- Assess Risk—prioritize which issues should get most attention
- Implement Procedures—they need to be clear and practical so that the non-export control expert can follow them
- Raise Awareness—use training, Intranet site for ICP

# SCREENING TRANSACTIONS

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- All prohibited parties lists
- All known names of all parties
- Order processing procedures
- Procedures for exports outside order processing procedures

# KNOW YOUR CUSTOMER

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- Proliferation activities
  - Sensitive nuclear activities
  - Chemical or biological weapons
  - Missiles
- Diversion to unauthorized countries

# KNOW YOUR CUSTOMER

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- Compliance procedures
  - Establish information flow
  - Establish guidelines for handling red flags
- Motivation
  - Compliance statement from top management
  - Requirement in distribution contracts

# KNOW YOUR . . . . .

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- Know your customer....

AND

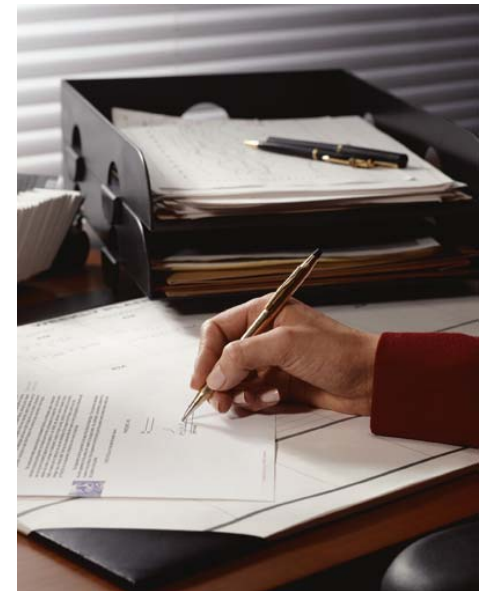
- Know your product—Know how it is classified on the CCL, USML, NRC, or DOE lists



# COMPLIANCE PROGRAM ELEMENTS

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- Corporate policy statement
- BIS EMS Guidelines
- Step-by-step procedures for affected departments



# COMPLIANCE PROGRAM ELEMENTS

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- Responsible personnel—Quality, Quantity, and Location
- Screening
  - Denial lists
  - Proliferation/Diversion
- Matrix





# COMPLIANCE PROGRAM ELEMENTS

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- Education
- Audits (in-house, outside reviews)
- Records

# Electronic Transfers—No Specific Guidance

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- No special rules for e-commerce
- Government takes an expansive view of “knowledge”
- Digital signatures: no standards
- Government just beginning to consider the issues
- Apply for advisory opinions, outside guidance from counsel or consultants

# SOME PRACTICAL ADVICE

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- Define the scope of activities
- Find out the likely who(s), what(s), when(s), and where(s)
- Get in the loop at planning stage so export control issues will not derail plans (e.g., schedules, etc.)
- Consider tools for automated screening—neither free nor perfect

# HANDLING POSSIBLE VIOLATIONS

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- ALWAYS notify your compliance officer FIRST
- Implement or enhance compliance procedures to prevent future violations
- Then review records to determine scope of violations
- Disclosure is a mitigating factor in imposing penalties

# 3 RULES FOR COMPLIANCE

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- If in doubt, check it out.
- No single transaction is worth jeopardizing your export privileges and your company's reputation
- Always be confident that you would be able to justify your actions in the face of a government audit 2 years in the future



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**END OF  
PRESENTATION**

**Thank You!**